



April 16, 2012

Ms. Sharon Gillett  
Chief, Wireline Competition Bureau  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

**Re: WC Docket Nos. 10-90, 07-135, 05-337, 03-109; CC Docket Nos. 01-92, 96-45; GN  
Docket Nos. 09-51  
Written Ex Parte Communication**

Dear Ms. Gillett:

South Central Telephone Association, Inc. ("South Central"), a rate-of-return carrier in Kansas and Oklahoma, hereby notifies the Federal Communications Commission ("FCC") of its intent to seek waiver of rules limiting the total high-cost funding to \$250 per line per month ("250 cap") as well as rules limiting reimbursable capital and operating costs if the Wireline Competition Bureau adopts the proposed quantile regression analysis ("QRA") methodology for High Cost Loop Support and Interstate Common Line Support. This methodology is currently under consideration in the Further Notice of Proposed Rulemaking ("FNPRM") in the USF-ICC order.

As indicated in our reply comments in this proceeding, South Central has calculated the results of the 250 cap and the proposed QRA caps.<sup>1</sup> We project a funding loss of approximately 92% of our net income in 2013. A significant portion of this reduction in funding is due to a flaw in the QRA caps that penalizes companies who have been diligent to bring advanced services to rural areas. South Central's deployment of an upgraded network was necessary to provide reliable voice and broadband services to its members.

In order to complete the needed network upgrade, South Central applied for loans from the Rural Utilities Services ("RUS"). In that process, we demonstrated that we would have the ability to repay those loans relying on existing rules established in the Communications Act of 1934 and the Telecommunications Act of 1996 and the network was constructed to RUS standards.

---

<sup>1</sup> See Reply Comments of South Central; WC Docket No. 10-90 et al., February 17, 2012.



Therefore, "good cause" exists to file a waiver of the \$250 cap and should the FCC adopt its proposed QRA caps, "good cause" would exist for waiving implementation, pursuant to 47 C.F.R. §1.3. While the waiver process would be burdensome for a company of our size, South Central would have no other option but to pursue it in light of the magnitude of the anticipated loss in federal universal service funding, which will seriously impact our ability to repay our RUS loans. Further, the record in this proceeding – including filings from the creator of QRA as well as economists in other Bureaus – clearly demonstrates that the proposed QRA caps are fundamentally flawed. Therefore, it would be in the public interest to waive this rule if adopted.

Sincerely,

Steve Davis  
General Manager

CC:

Senator Jerry Moran  
Senator Pat Roberts  
Senator Thomas Coburn  
Senator James Inhofe  
Representative Frank Lucas  
Representative Tim Huelskamp  
Representative Lynn Jenkins  
Representative Kevin Yoder  
Representative Mike Pompeo  
Governor Sam Brownback  
Mr. Jonathan Adelstein  
Mr. Derrick Owens  
Mr. Eric Keber  
Ms. Shirley Bloomfield